

The Interim

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Newsletter

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for up-to-date information
on committee meetings.

Economic Affairs Committee to Wrap Up Work Comp Study, Hear Agency Bill Requests

The Economic Affairs Committee will decide on Sept. 12 whether to move forward with a committee bill to put the state's workers' compensation insurer of last resort under the regulation of the state insurance commissioner.

Several other committee bills are also due for a thumbs up or down at the committee's final meeting, as is early drafting authorization for six state agencies presenting plans for legislation in the 2015 Legislature.

Possible Committee Bills

Possible committee bills under the House Joint Resolution 25 study of selected workers' compensation topics include:

- LC0msf, which would put regulation of the Montana State Fund under the State Auditor's Office. The state auditor also serves as Montana's insurance commissioner. Under the draft legislation, the insurance commissioner would be responsible for reviewing rates and checking solvency. The Legislative Auditor currently has those tasks, in addition to regular post-auditing constitutional duties. The insurance commissioner's reviews would align Montana State Fund treatment more closely to that of private workers' compensation insurers. The State Fund currently meets reserve and equity solvency recommendations. However, the last time that it was moved under the State Auditor's Office, for a brief period in 1989, it did not.
- LCfrod, a companion bill to LC0msf that would require a study of the workers' compensation fraud prosecution functions currently handled by the Department of Justice to determine whether cost savings and efficiencies would result in moving those duties to the insurance commissioner's legal staff;
- a bill that would address vacancies in the Workers' Compensation Court; and
- a bill that would revise the process for designating a treating physician for work comp purposes, to prevent "doctor shopping" by either injured workers or insurers.

Among other committee bills drafted at the committee's request and subject to a final vote are:

- LCpooh, which would allow raw honey to be sold at farmers' markets without the seller being required to get a license and be inspected. The bill is revised from a version presented at the July meeting to include a reference to honey in "clean containers."
- LCloss, which would require all workers' compensation insurers, if asked, to provide loss information to their employer policyholders or the policyholder's insurance agent.

State Agency Presentations

The six state agencies planning on discussing their 2015 legislative agenda with the committee are: the Department of Agriculture, with 10 bills; the Department of Commerce, five bills; the Department of Labor and Industry, 12 department bills and up to 25 licensing board bills; the Department of Livestock, with one bill on feral hogs; Division of Banking and Financial Institutions, four bills; and the State Auditor's Office, 13 bills.

The other two state entities monitored by the committee -- the Governor's Office of Economic Development and the Montana State Fund -- have not listed bill drafts but will be scheduled if they do.

Other agenda items include reviews of advisory councils and presentations to determine if they remain necessary. Some of the presentations required by law include reports on livestock losses to predators, the Montana Heritage Preservation and Development Commission, the State-Tribal Economic Development Commission, the Board of Research and Commercialization Technology, and grant programs under the Distressed Wood Products Industry Revolving Loan Program and the Board of Housing Veterans' Home Loan Mortgage Program.

The committee also has asked for updates on the animal- and human-related tests run at the state's Veterinary Diagnostic Laboratory located on the Montana State University campus in Bozeman and costs for a possible new laboratory that would combine a Fish, Wildlife, and Parks Department wildlife laboratory with the Veterinary Diagnostic Laboratory.

Next Meeting

The committee's last meeting of the interim will begin at 8:15 a.m. on Sept. 12 in Room 137 of the Capitol in Helena. For more information on the committee's activities and upcoming meeting, visit the committee Web site or contact Pat Murdo, committee staff.

Committee Web Site: www.leg.mt.gov/eaic

Committee Staff: pmurdo@mt.gov or 406-444-3594

ELG to Hold Final Meeting Sept. 15-16

The Education and Local Government Committee will hold its final meeting on Sept. 15-16, concluding work on its House Joint Resolution 2 study of electronic records management at that time.

The committee will review two bill drafts related to the study: LC MHSC, an appropriation of \$208,000 for the Montana Historical Society to hire a consultant to develop a plan for a digital archives; and LC OptC, a revision and reorganization of public records laws. Both bill drafts are posted to the committee Web site.

In addition, the committee will review the final report of the Subcommittee on Shared Policy Goals for Education. The subcommittee reviewed and revised shared policy goal documents for the Montana university system and Montana's K-20 education system and will be recommending both documents to the full committee for approval.

The committee also will review a bill draft authorizing a study of school funding during the next interim. Section 20-9-309, MCA, requires that the Legislature authorize such a study every 10 years.

At the committee's request, two representatives of the Governor's Office will present additional information on Gov. Steve Bullock's proposal for preschool education. The presentation is scheduled for Sept. 16.

Other agenda items include:

- a report from the state historic preservation officer;
- updates from the Montana Historical Society on plans for the Montana Heritage Center, from the Montana Library Association on the use of library funding as a result of passage of House Bill 203 in 2013, and from the Montana Arts Council;
- a report on the Montana Indian Language Preservation Pilot Program;
- discussion of a proposal related to local incident management; and
- a presentation from educators on digital learning.

Next Meeting

The committee meets next at 8:30 a.m. on Sept. 15 in Room 137 of the Capitol in Helena. The meeting continues at 8 a.m. on Sept. 16. For more information on the committee's activities and upcoming meeting, visit the committee's Web site or contact Pad McCracken, committee staff.

Committee Web Site: www.leg.mt.gov/elgic

Committee Staff: padmccracken@mt.gov or 406-444-3595

ETIC to Conclude RPS Study in September

The Energy and Telecommunications Interim Committee on Sept. 8 will wrap up its 18-month study of Montana's renewable energy mandate.

In July, the committee developed findings and recommendations related to the renewable portfolio standard (RPS), finished a draft report on the subject, and agreed to a draft bill to strengthen reporting requirements related to the renewable requirement. The committee will review public comment received on the draft legislation as well as comments on the report, findings, and recommendations.

Since 2008, the Montana Renewable Power Production and Rural Economic Development Act, better known as Montana's RPS, has required certain utilities to procure a percentage of their resources from renewable resources. Senate Joint Resolution 6, a study of the RPS passed by the 2013 Legislature, was assigned to the committee.

The committee's draft findings for the study are:

- The RPS should remain static at the requirement of 15 percent renewable energy generation by 2015. The standard should not be reduced or increased.
- The work in SJR 6 does not represent a discussion of fossil fuel generation versus renewable generation.
- The committee recognizes ambiguity and difficulty in compliance with the existing community renewable energy project standard which needs to be examined.
- The RPS has contributed to some new electrical generation in Montana. The RPS has had a positive economic impact on some rural communities during the construction process and beyond. It also has increased the tax base in some counties.
- The RPS as it exists, although beneficial, has not led to the replacement of existing power generation facilities. Environmental regulations imposed on existing energy generation facilities will continue to offer opportunities for new renewable energy generation that will fall into the existing requirements of the RPS.
- There was disagreement on the committee about the RPS's contribution to air quality. Some members feel strongly that the use of renewable generation offsets the use of fossil fuel-based energy and contributes to cleaner air; other members feel strongly that the review of air quality impacts of renewable generation is inconclusive or that the air quality effects of renewable generation are negligible.
- To meet the RPS, most utilities have added wind generation to their portfolios.

- The primary environmental disadvantages specific to wind generation are mostly increased bird and bat mortality.
- The primary environmental benefit of wind generation is that it involves zero direct emissions of air pollutants.
- According to survey responses provided by utilities and an analysis by the Montana Consumer Counsel, the RPS has had a negligible impact on ratepayers in Montana. The committee had difficulty quantifying integration costs and other variables and encourages the PSC and regulated utilities to better account for the costs and benefits of Montana's RPS and to provide for greater transparency.

In addition to the findings, the committee asked for draft legislation requiring utilities to better quantify the benefits of Montana's RPS and their relation to costs. The draft legislation will require entities subject to the RPS to submit a report every two years to the ETIC that evaluates the costs and benefits of the RPS.

9-1-1 Review

Also at the final meeting, members will review public comment received on draft legislation proposed to reallocate wireless 9-1-1 money.

The 2013 Legislature passed legislation requiring that fees collected for wireless enhanced 9-1-1 services be reallocated to wireless 9-1-1 jurisdictions and wireless providers under certain circumstances. The reallocation has helped to better distribute money, but some entities have raised concerns about the \$10 million that is still "stranded" in the 9-1-1 fund.

The committee requested draft legislation allowing wireless providers to seek the money through October 2015. Any amount left in the account would be distributed across the state, with 1 percent going to each county and the remainder being distributed on a per capita basis.

Next Meeting

The committee meets next at 8:30 a.m. on Sept. 8 in Room 172 of the Capitol in Helena. For more information on the committee's activities and upcoming meeting, visit the committee's Web site or contact Sonja Nowakowski, committee staff.

Committee Web Site: www.leg.mt.gov/etic

Committee Staff: snowakowski@mt.gov or 406-444-3078

EQC to Review Public Comment on Reports, Proposed Legislation

At its final meeting of the interim, the Environmental Quality Council will put the finishing touches on three study reports after reviewing public comment.

The reports cover hunting and fishing license fees, the administration of state-owned historic properties, and the management of federal lands in Montana. The formal public comment period ended Aug. 16, but the public may submit written comments or attend the Sept. 10-11 meeting in Helena.

Hunting and Fishing Licensing

The report on hunting and fishing licenses is required by House Bill 609, which asked the EQC to study Montana's hunting and fishing license laws and fees. The governor tasked a citizens' advisory council with a similar study, and the EQC has incorporated that effort into its own work.

The advisory council proposed a slate of recommendations for simplifying and streamlining Montana's hunting and fishing licenses, as well as generating additional revenue for the Department of Fish, Wildlife, and Parks. The EQC approved drafting of that slate, with two changes, for public comment.

Comments may be emailed to hstockwell@mt.gov with the subject line of "HB 609 Licensing Study."

State Historic Properties

The report on state-owned historic properties is required by Senate Joint Resolution 4, passed by the 2013 Legislature in an effort to continue a study of state parks and outdoor recreation and heritage resource programs. The EQC began the study during the 2011-2012 interim.

SJR 4 reflected the council's opinion that the work it had begun to review management of state-owned properties at Virginia City, Nevada City, and Reeder's Alley in Helena had been beneficial and should continue. The report includes legislation proposed to assist in the effective operation of the Montana Heritage Preservation and Development Commission and to focus the commission's efforts on preserving and maintaining properties previously acquired by the state.

Comments may be submitted by e-mail to lekurtz@mt.gov with a subject line of "SJR 4 Study."

Federal Land Management

The report on management of federal lands is required by SJR 15, which called for a study evaluating the management of certain federal lands in Montana, specifically U.S. Forest Service and Bureau of Land Management lands. About one-third of the land in Montana is managed by federal agencies. Many of the nation's natural resources occur on these lands,

including timber, forage, minerals, coal, oil and gas, water, and wildlife. Management of the lands affects local economies, tax bases, employment opportunities, public safety, the surrounding environment, and recreational opportunities.

The report does not include any legislation to be proposed by the EQC, but has a number of findings and recommendations. Most are related to state and local involvement in the management of federal lands.

Comments may be submitted by e-mail to jkolman@mt.gov with a subject line of "SJR 15 Federal Land Study."

The proposed bill drafts and draft reports for all the studies are available for review on the EQC Web site, www.leg.mt.gov/eqc. Click on the link to "comment on draft report and proposed legislation." Comments also may be sent to the EQC at P.O. Box 201704, Helena, MT 59620-1704.

Other Topics

The EQC also will discuss:

- petroleum tank release closures;
- sage grouse and bison management;
- agency-proposed legislation for the 2015 legislative session;
- dredge and fill permits issued under the Clean Water Act;
- aquatic invasive species;
- proposed federal carbon pollution rules; and
- the state water plan.

Next Meeting

The council meets next on Sept. 10-11 in Room 317 of the Capitol in Helena. For more information on the council's activities and upcoming meeting, visit the council's Web site or contact Joe Kolman, council staff.

Council Web Site: www.leg.mt.gov/eqc

Council Staff: jkolman@mt.gov or 406-444-3747

Final Decisions on Pardons, Parole Study Coming in September

The Law and Justice Interim Committee will wrap up its interim work Sept. 3 when it meets to decide what adjustments, if any, it recommends be made to the Montana Board of Pardons and Parole. Committee members will do the same for suggested changes to domestic relations laws.

As the final step in the Senate Joint Resolution 3 study of the Board of Pardons and Parole, the committee will take public comment and then discuss and vote on several possible

changes to the parole board and its operations. The changes range from increasing legislative oversight over board rule-making to revising the size of the board to reducing the board's authority to require certain prisoners to complete treatment or correctional programming before parole.

Members also will discuss revising executive clemency laws to allow the governor to consider clemency requests even if the parole board doesn't recommend that the request be granted. A full list of proposed changes is available on the committee's Web site.

Also up for public comment and final decisions are changes stemming from the SJR 22 study of family law procedures and alternatives. The committee will take final comments on and assign sponsors to two committee bills that allow a husband to change his name as part of a dissolution proceeding and that clarify which parent must ask for changes to a parenting plan when one parent relocates and the move makes the current plan unworkable. The committee may also request committee bills to implement other ideas that it has considered through the interim.

The LJIC will consider additional bill drafts that would implement suggestions from the Department of Corrections Re-Entry Task Force, including one to increase housing opportunities for certain offenders who are being released into communities and one to assist prison workers to save more of their earnings to ease re-entry costs.

Private Prison Review

The September agenda will include a discussion of a draft resolution that requests a study of the private prison facility in Shelby and Department of Corrections monitoring of private prison contracts.

The committee requested this language in June in addition a letter to the Legislative Audit Committee encouraging the audit committee to prioritize a performance audit of the DOC's oversight of the Shelby prison. The public will have time to comment on both drafts before the LJIC makes a final decision on each.

Also on Tap

Other agenda items include:

- an update on the work of the Domestic Violence Fatality Review Commission;
- consideration of a request for additional agency bill drafts from the Office of the Public Defender;
- committee discussion of any changes it wants to make to various agency advisory councils and to laws requiring certain reports be made to the committee; and

- an update on the House Joint Resolution 30 study of benefits offered to veterans.

Next Meeting

The committee's final meeting will begin at 8 a.m. on Sept. 3 in Room 102 of the Capitol in Helena. For more information on the committee's activities and upcoming meeting, visit the committee's Web site or contact Rachel Weiss, committee staff.

Committee Web Site: www.leg.mt.gov/ljic

Committee Staff: rweiss@mt.gov or 406-444-5367

Audit Committee Schedules Sept. 17 Meeting

The Legislative Audit Committee will review financial compliance and performance audits when it meets Sept. 17 in Room 172 of the Capitol in Helena.

The committee's agenda and related materials will be posted to the committee's Web site, www.leg.mt.gov/audit, when available. More information also is available by calling the Legislative Audit Division at 406-444-3122.

Legislative Council to Consider Rules, Other Items for 2015 Session

The Legislative Council will meet Sept. 4 to continue planning for the 2015 legislative session, following a meeting of its Rules Subcommittee on Sept. 3.

The Rules Subcommittee will make recommendations for changes to the rules for the 2015 session and also will discuss results from a survey on electronic devices. The survey results will help the subcommittee and the council develop guidelines for use of the devices in the 2015 Legislature.

In addition to reviewing the subcommittee recommendations, the full council will review information on the preliminary legislative branch budget for the next two fiscal years; discuss legislator compensation, benefits, and other support services; consider its long-range planning role, including receiving information on the Capitol Master Plan and the 2011 study of legislative space; and hear final results from the House Joint Resolution 30 interim study of benefits available to veterans.

The council has tentatively scheduled its last meeting of the year on Nov. 13, to be held in conjunction with Legislator Orientation.

Next Meeting

The Rules Subcommittee will meet at 2 p.m. on Sept. 3 in Room 350 of the Capitol in Helena. The full council will meet at 8 a.m. on Sept. 4 in Room 102 of the Capitol. For

more information on the council's activities and upcoming meeting, visit the council's Web site or contact Susan Byorth Fox, committee staff.

Committee Web Site: www.leg.mt.gov/legcouncil

Committee Staff: sfox@mt.gov or 406-444-3066

Legislative Finance Committee to Hear Budget Update

The Legislative Finance Committee will meet in Helena on Sept. 25-26 to discuss:

- the 2015 Biennium Budget Update Report focusing on fiscal year end 2014 expenditures and revenues, with an emphasis on the Board of Livestock, Medicaid monitoring, Senate Bill 410 allocations, and Medicaid provider rates;
- the House Joint Resolution 17 study of state pay plans, including funding pay increases and pay equity in FY 2013;
- an analysis of the historical accuracy of revenue estimates;
- budget rule recommendations, including fixed costs, inflation and deflation, and personal services;
- general fund status sheet rule recommendations; and
- comparison of biennial appropriations from FY 2008 through FY 2015.

The Temporary Assistance for Needy Families strategic planning group subcommittee members also will report to the full committee on the group's progress. In addition, Medicaid Management Information System subcommittee members will update the full committee on Xerox's response to questions posed during the June committee meeting. Xerox is the vendor for the new system. The committee also will receive updates from the legislative staff on the progress of pension activities and local government projects.

Next Meeting

The committee meets next on Sept. 25-26 in Room 102 of the Capitol in Helena. For more information on the committee's activities and upcoming meeting, visit the committee's Web site or contact Legislative Fiscal Analyst Amy Carlson.

Committee Web Site: www.leg.mt.gov/lfc

Committee Staff: acarlson@mt.gov or 406-444-2986

RTIC Slated to Wrap Up Studies, Hear Economic Outlook Reports

The Revenue and Transportation Interim Committee will hold its last regular meeting of the interim on Sept. 4-5 in Helena, finishing work on its two interim studies at that time.

The committee also will hear economic outlook presentations in preparation for the November revenue estimate meeting, receive five required reports and agency updates, and continue with preparation for property reappraisal with a Department of Revenue educational presentation.

Revenue Estimating and Monitoring

At its November meeting, the committee is charged with adopting an initial revenue estimate for the 2015 legislative session. To prepare for that duty, the committee will hear presentations on the U.S. and Montana economic outlooks on Sept. 4. The six presentations will focus on the following areas: Montana oil and gas revenue, Montana economic outlook, Montana labor and business trends, Chamber of Commerce perspective, an agricultural outlook, and a U.S. economic outlook.

Required Reports and Advisory Councils

Both the Department of Revenue and Department of Transportation will provide the committee with reports required by law. They include reports on the tax credit for planned gifts made to a qualified charitable endowment, the tax credit for blending biodiesel fuel, the use of property tax abatements for gray water systems, the refund for biodiesel sold, and the inspection of diesel-powered vehicles to determine compliance with special fuel laws and the impact on the highway fund.

The committee will recommend whether to retain or eliminate each report. In addition, the committee will review the second version of a bill draft to add legislators to the Agricultural Land Valuation Advisory Committee and to modify the committee's powers.

Agency Updates

The Department of Revenue will continue with the second part of its presentation on reappraisal. This presentation will include discussion of the appeals process and the sales assessment ratio report presented last interim. DOR also will provide some information requested to follow up on its tax haven recommendations and a litigation report.

MDT also will provide an update on the status of federal highway funding.

Completion of Interim Studies

The committee will wrap up the Senate Joint Resolution 23 taxpayer appeal study by reviewing two committee-requested

bill drafts. One would allow industrial property taxpayers to appeal to the county tax appeal board or the State Tax Appeal Board, and the other would clarify statutory language related to DOR's uniform dispute review procedure.

On the agenda for the SJR 26 oversize load study is a staff presentation on a committee-requested bill to allow MDT to designate oversize load corridors.

The committee also will review draft final reports for the studies.

Next Meeting

The committee meets next on Sept. 4-5 in Room 137 of the Capitol in Helena. The meeting is tentatively scheduled to begin at 1 p.m. on Sept. 4. For more information on the committee's activities and upcoming meeting, visit the committee's Web site or contact Megan Moore, committee staff.

Committee Web Site: www.leg.mt.gov/rtic

Committee Staff: memoore@mt.gov, 406-444-4496

State Administration Committee Invites Ideas for Improving Veteran Outreach

The State Administration and Veterans' Affairs Interim Committee agreed in August to seek ideas for ways to better serve Montana veterans.

The committee voted to invite stakeholders who work with veterans to send ideas to the committee about how to improve statewide information for and outreach to veterans who do not necessarily join veteran service organizations or respond to traditional outreach methods. The committee's action followed a panel discussion that included combat veterans and representatives from U.S. Sen. Jon Tester's office, the U.S. Department of Veterans Affairs, the Montana Veterans Affairs Division, and the Long-Term Care Ombudsman's Office.

The committee is interested in determining how best to:

- provide a single point of contact for information about the wide range of benefits and services available to veterans; and
- reach out to the families and community members who support veterans who may not recognize they need help or are reluctant to ask for help.

The committee's staff will be contacting known stakeholders about the committee's request for suggestions. However, anyone interested in responding to the committee's invitation should contact Sheri Scurr of the Montana Legislative Services Division at (406) 444-3596 or sscurr@mt.gov.

Based on the ideas submitted, legislative staff will develop bill drafts for the committee's consideration in November.

Also at its Aug. 15 meeting, the committee gave final approval to the following committee bills:

- LC 145, a bill to clarify the secretary of state's authority to charge certain fees;
- LC 146, a bill to revise a campaign material disclosure provision found by a federal court to be unconstitutionally vague by specifying that if campaign material references a candidate's voting record, the material must also reference a particular bill and disclose all of the candidate's votes on the bill; and
- a bill to require the governor to appoint the commissioner of political practices from the list of nominees submitted by legislative leadership. An LC number has yet to be assigned to the bill.

The committee will continue work on three other committee bills:

- LC 144, a bill to provide adjustable employer and employee contribution rates instead of temporary contribution rates in the Public Employees' Retirement System (PERS);
- a bill to be split from LC 144 to revise the allocation of contributions in the PERS Defined Contribution Plan; and
- LC 145, a bill to generally revise election laws to provide more standardization of administrative deadlines for all elections, particularly school district and special purpose district elections.

Coming Up in November

The committee will hold its final meeting in November.

The agenda will focus on the committee's responsibilities to review the latest actuarial reports on the public pension plans, adopt general policy principles and a guide for legislators on public pension plans, and develop a template for legislative analysis on the policy and fiscal implications of any pension legislation introduced during the 2015 Legislature.

Next Meeting

The committee meets next at 8:30 a.m. on Nov. 17 in Room 137 of the Capitol in Helena. For more information on the committee's activities and upcoming meeting, visit the committee's Web site or contact Sheri Scurr, committee staff.

Committee Web Site: www.leg.mt.gov/sava

Committee Staff: sscurr@mt.gov or 444-3596

DNRC to Deliver State Water Plan to WPIC

The Department of Natural Resources and Conservation will present a draft of the updated State Water Plan during the Sept. 8-9 Water Policy Interim Committee meeting.

Department staff have spent more than a year developing the updated State Water Plan, including extensive meetings with advisory councils throughout the state's four major watersheds: Clark Fork-Kootenai rivers, Lower Missouri River, Upper Missouri River, and Yellowstone River.

In July, the DNRC presented draft basin water plans, which included basin-specific recommendations. The statewide draft water plan will include some of these recommendations, as well as:

- an inventory of consumptive and nonconsumptive uses of water;
- an estimate of the amount of surface and ground water needed to satisfy future demands;
- analysis of the effects of drought;
- proposals to satisfy existing water rights and future demands; and
- possible sources of water.

Some of the basin recommendations may be developed into specific pieces of legislation for the 2015 Legislature. The department will hold another round of public meetings and seek public input on the draft State Water Plan this fall; by law, the department must submit a finalized State Water Plan to the 2015 Legislature.

CSKT Water Rights Again Take Center Stage

The first day of the meeting will again focus on the proposed water rights settlement with the Confederated Salish and Kootenai Tribes.

On Sept. 8 the WPIC agenda includes:

- a legal analysis by the Legislature's Legal Services Office answering questions posed by Rep. Nancy Ballance, R-Hamilton, and Rep. Keith Regier, R-Kalispell;
- a report of findings by the WPIC-appointed CSKT Compact Technical Working Group, which has met 11 times this summer;
- an update on compact renegotiations between the Reserved Water Rights Compact Commission and the tribes; and
- a panel discussion related to the proposed settlement.

Next Meeting

The committee meets next at 1 p.m. on Sept. 8 in Room 152 of the Capitol in Helena. The meeting continues at 8 a.m. on Sept. 9.

The committee also is expected to schedule an October meeting. For more information on the committee's activities and the upcoming meeting, visit the committee's Web site or contact Jason Mohr, committee staff.

Committee Web Site: www.leg.mt.gov/water

Committee Staff: jasonmohr@mt.gov or 406-444-1640

The Back Page

Decoding Your Utility Bills: An Interactive Guide to What You Pay and Why

by **Sonja Nowakowski**
Legislative Research Analyst
Legislative Environmental Policy Office

When the power bill comes each month, it's easy to see how much electricity or gas was consumed during the billing cycle. But how easy is it to translate how much is used into how much is paid?

Most Montanans pay a monthly electric or natural gas bill either to a regulated utility or to a rural electric cooperative. Those monthly utility bills offer up a snapshot of Montana law. In some cases the law may be the reason for a charge, and in other cases those laws serve as a safeguard against

additional charges. The bills also offer a look at where the power comes from -- whether it's coal, wind, or another source -- and how much it costs to get to your house.

The examples of energy bills in this article provide clickable links -- highlighted in yellow -- to more detailed information that analyzes the charges on the bills and the underlying Montana law or regulatory actions behind the charges. Originally done for the Energy and Telecommunications Interim Committee, the analysis looks at bills for NorthWest-

ern Energy, Montana-Dakota Utilities (MDU), and two rural electric cooperatives.

While the Montana Legislature is responsible for some energy policies that affect the bills of regulated utility customers, the Montana Public Service Commission (PSC) enforces many of those policies and oversees the implementation of many energy laws.

It is the duty of the PSC to decide what is reasonable and just when it comes to the costs passed on to Montana utility customers. The Montana Consumer Counsel, an office established in the Montana Constitution, represents Montana public utility consumers before the PSC, state and federal courts, and administrative agencies in matters concerning public utility regulation.

The elected board of each rural cooperative makes electricity policy and pricing decisions for that cooperative. Electric cooperatives are not regulated by the Montana PSC. Instead, they are not-for-profit entities that are democratically controlled (one person/one vote) by the members of the cooperative. Cooperative members elect a board of directors that sets customer protection policies and establishes the rates for electricity distribution and supply.

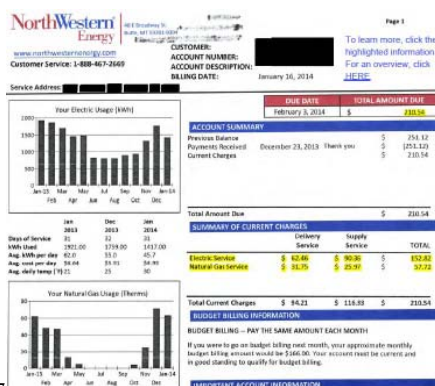
The framework for organizing and incorporating rural electric cooperatives in Montana is located in Title 35, Chapter 18, of the Montana Code Annotated. Historically, Montana has not exercised its authority to regulate rural electric cooperatives.

NorthWestern Energy Bill

NorthWestern Energy serves about 340,000 electric customers and about 182,000 natural gas customers in Montana.

The bill here is from a 1,100 square-foot home that uses base-board electric heat and a small natural gas furnace in the lower level. The bill accounts for usage between December 10, 2013, and January 10, 2014. The total monthly usage at 1417 kilowatt hours (kWh)

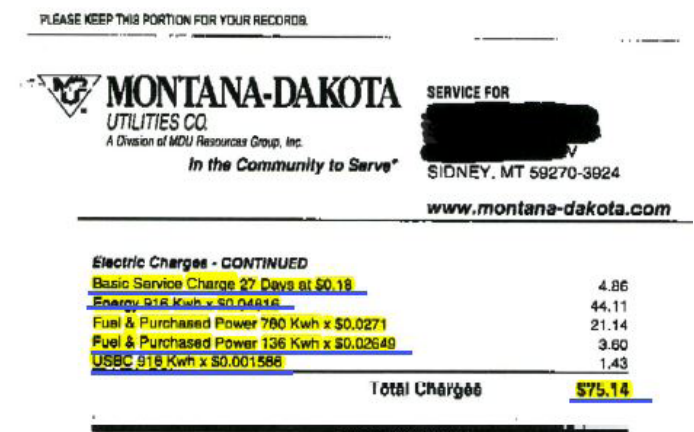
is significantly higher than average residential usage, which is 750 kWh. The averages, however, are based on an average of 12 months. Weather often dictates month-to-month use. The bill also shows about 63 therms of natural gas usage.



Calculating a NorthWestern electric bill, in some cases, also requires a review of two different bills. In the example provided, the billed usage is spread over 31 days -- 10 days in January 2014 and 21 days in December 2013. On the bill provided, the rates displayed are only for January 2014. NorthWestern is required to display the current rates in effect. But rates can change from month to month for a variety of reasons. However, rates from December 2013 and January 2014 are necessary to determine actual costs.

MDU Bill

MDU is a regulated utility that serves about 25,000 electric customers and about 81,000 natural gas customers.



The bill above is for an approximately 1,300 square-foot home and garage that use natural gas for heat and also have electric service from MDU. The bill accounts for usage between Oct. 9 and Nov. 4, 2013. The total monthly usage at 916 kWh is slightly higher than average residential usage, which is 750 kWh. The average, however, is based on an average of 12 months. Natural gas use, in the example, is at 9.1 dekatherms.

Rural Electric Cooperative Bill

There are 25 not-for-profit electric distribution cooperatives in Montana that are locally owned and operated by their cooperative members, with about 195,000 meters served. The two bills provided as an example on the following page are from the Missoula Electric Cooperative and Fergus Electric Cooperative.

In the example bills, only a couple of different charges appear on the bills. In both, a base charge is applied. For Missoula Electric the base charge is \$25 for each meter. For Fergus Electric the base charge is \$32.50.

Because cooperatives are nonprofit entities, funds that are collected above the cost of operation are typically assigned to cooperative members annually as "capital credits." Capital credits are refunded to members when the financial condi-

tion of the cooperative permits. In some cases, each year a statement is mailed to a member with information on the potential credits. The example bills don't include information about the credits.

Like regulated utilities, rural electric cooperatives are also subject to Montana's Universal System Benefits Programs (USB) in accordance with 69-8-402, MCA. USB programs fund energy conservation, renewable resource projects and applications, and low-income energy assistance. Cooperatives, like all utilities, must fund the programs at 2.4 percent of their 1995 retail sales revenue in Montana. The funding can be recovered by assessing each customer at the meter.

The example bills don't show information about the USB charge, but it is collected. Utilities also receive credits for internal USB programs, and rural electric cooperatives are allowed to collectively pool their credits statewide. Their annual USB reports are not filed with the PSC. Rural electric cooperatives are allowed to pool their collective USB expenditures to meet the 2.4 percent threshold. They are also allowed to report collectively, through a summary report prepared by the Montana Electric Cooperatives' Association.

